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UNCLAS SANTO DOMINGO 001051

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SUBJECT: DOMINICAN PRESIDENT INAUGURATES U.S. PLANT, AGAIN
ENDORSES FREE TRADE

REF: FULL TEXT IN SPANISH AVAILABLE ON SIPRNET SITE

[HTTP://WWW.STATE.SGOV.GOV/P/WHA/SANTODOMINGO](http://WWW.STATE.SGOV.GOV/P/WHA/SANTODOMINGO)

11. (U) At the February 21 ground-breaking for a large U.S.-owned textile mill, President Leonel Fernandez characterized the project as one aspect of the Dominican Republic's response to the challenges of competition and globalization. He expressed confidence that the free trade agreement with the United States and Central America would be ratified this year.

12. (U) Fernandez said that the investment in the central provincial town of Bonao by U.S.-owned Sara Lee Corporation was a demonstration of increasing confidence in the Dominican economy and offered further opportunity for progress. He spoke of a new, export-oriented strategy to boost Dominican competitiveness and applauded the success of Dominican free zones over the past two decades.

13. (U) The President sketched out the benefits to the region of the U.S. Caribbean Basin Initiative and he emphasized benefits gleaned by Mexico from NAFTA. China and India would be major challengers in the textile and garment sectors as trade increases world wide. Regional partners are well aware of this; Dominican Technical Secretary of the Presidency Temistocles Montas traveled to Guatemala the previous weekend to participate in regional consultations sponsored by the Inter-American Development Bank concerning the impact of China on the Central American economy and its free zones and factories.

14. (U) Fernandez emphasized the importance of the CAFTA. "Well before the signature of that agreement, we were advocates for the view that the country's economic development is linked to that regional pact. . . We are confident that the agreement will be completed both in the United States and here in the Dominican Republic this year, and the legislative ratification will be a guarantee for future investment and new employment." Sara Lee's investment was a vote of confidence in that future; with implementation of CAFTA, foreign investment would return to the Dominican Republic and put an end to the economy's current difficulties.

15. (U) Fernandez recalled his recent encounter with Microsoft's Bill Gates, on vacation in the Dominican Republic. The President recounted a visit during his previous term to Seattle, where his staff reported with delight that a baseball cap for sale in the Microsoft gift shop carried the tag "Made in the Dominican Republic". Fernandez expressed his wish that in the future, Microsoft would be offering for sale computer software also originated in the Dominican republic.

16. (SBU) Comment: Sara Lee is investing USD 72 million in this new textile mill in Bonao. It will constitute Sara Lee's first textile mill but its sixth investment in the country. The groundbreaking ceremony was well attended by senior government officials including Secretary of Industry and Commerce Francisco Javier Garcia. It was clear from their comments that there was widespread support for CAFTA ratification in general, but that the administration as yet had no concrete plan or roadmap to accomplish that goal.
HERTELL